



Hundredth Legislature - First Session - 2007
Introducer's Statement of Intent
LB 117

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: January 23, 2007

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 117 is a bill introduced by the Banking, Commerce and Insurance Committee, at the request of the Nebraska Department of Insurance, and would do the following:

The bill would amend section 21-2005 that sets the fees for services performed by the Secretary of State. The bill would set the fee charged for filing articles of incorporation or documents relating to domestication of an insurer at \$300. (Section 21-2005.) (Section 1 of the bill.)

The bill would require that if a depositing insurer or assessment association fails to inform the Department of Insurance of a release or replacement of a security held by a bank to secure policyholder claims pursuant to statute, the insurer is responsible for payment of a \$500 forfeiture. (Section 44-319.07.) (Section 2 of the bill.)

The bill would amend section 48-146.01 to provide that if the workers' compensation assigned risk system ceased to be viable, the Director of Insurance would, in consultation with insurers, develop a reasonable alternative assigned risk system. The bill would specify that the alternative assigned risk system could not impose a rate less than two and one-half times the prospective loss costs approved for an advisory organization. The bill would also move the definition of an employer not in good faith entitled to coverage under the assigned risk system to the end of the section. This section would be transferred to Chapter 44. (Section 48-146.01.) (Sections 3 and 19 of the bill.)

The bill would change references to property and casualty forms being "approved" to "filed" to correspond with requirements of the Property and Casualty Rate and Form Act in various requirements for property and casualty insurance. (Sections 44-501, 44-507, 44-508, and 44-522.) (Sections 3 to 7 of the bill.)

The bill would allow the Director of Insurance to deny or refuse to renew a license under the Viatical Settlements Act, with the applicant given the right to request a hearing, instead of requiring a hearing before denial of a license or non-renewal of a license. The bill would require that a hearing be held within thirty days of a request. (Section 44-1104.) (Section 8 of the bill.)

The bill would adopt a new section based on the National Association of Insurance Commissioners model that requires persons who sell solicit, or negotiate long term care insurance to complete an eight hour training by August 1, 2008, and four hours of ongoing training every twenty-four months after that date. The bill would adopt content standards for such training. In order to implement the Long Term Care Partnership Program Act (LB 965, 2006), the bill would require insurers to verify and maintain records that their appointed insurance producers have completed this training that will allow the Director of Insurance to verify to the Department of Health and Human Services Finance and Support that insurance producers have received the training and demonstrated an understanding of long term care insurance. The bill would specify that satisfaction of the training requirement in any state satisfies the requirement in Nebraska, and allows the Director of Insurance to approve the use of such training to satisfy current continuing education requirements so that the requirements would not be in addition to the existing requirements. (Sections 44-4501 and 44-4519.) (Sections 9 to 11 of the bill.)

The bill would amend the Surplus Lines Insurance Act to allow industrial insureds by adopting a definition of industrial insured. An industrial insured under the bill would be an insured that procures insurance other than sickness and accident insurance and life and annuity contracts, has fifty full-time employees, with insurance premiums for insurance that total at least one hundred thousand dollars, and uses the services of a salaried full-time employee to advise on insurance matters. The bill would specify that section 44-5503 requiring licensure as a surplus lines broker does not apply to industrial insureds. The bill would require every industrial insured to pay to the department a tax of three percent on the total gross amount of insurance premiums for policies procured through a nonadmitted insurer, pay the fire insurance tax prescribed in section 81-523, and require the department of insurance to prescribe a form for an industrial insured tax filing. (Sections 44-5501, 44-5502, and 44-5504.) (Sections 12 to 15 of the bill.)

Principal Introducer:

**Rich Pahls, Chairperson
Committee on Banking, Commerce and Insurance**